

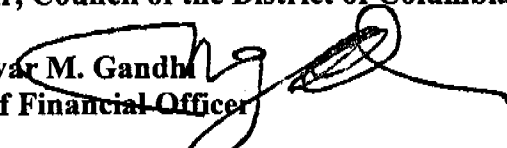
GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chair, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: APR 25 2007

SUBJECT: Fiscal Impact Statement: "District Funds Reserved Act of 2007"

REFERENCE: Bill Number 17-073 as Introduced

Conclusion

Funds are sufficient in the Mayor's proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. The proposed legislation is not expected to have a negative fiscal impact.

Background

The proposed legislation would amend District of Columbia Official Code Section § 47-351.11 to allow the District to increase the share of its funds in smaller financial institutions. Under current District law, the Mayor or the CFO may reserve up to 1% of District funds available for investment or deposit into insured, District-located financial institutions that have less than \$350 million in assets. The proposed legislation would increase the allowable percentage of funds to 10%.

Financial Plan Impact

Funds are sufficient in the Mayor's proposed FY 2008 through FY 2011 budget and financial plan to implement the proposed legislation. Changing the allowable percentage of deposited or invested funds going to qualifying financial institutions is not expected to have a net negative fiscal impact. While there would be a very small impact with respect to the interest income that accrues to the D.C. Treasury, this could be offset if the qualifying financial institutions work closely with community organizations to expand local banking services.